Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

Message Text

CONFIDENTIAL

PAGE 01 TANANA 00067 150640Z

21
ACTION AF-06

INFO OCT-01 ISO-00 FEA-01 AEC-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-01 INR-07

INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 RSC-01 SAM-01

OES-03 SP-02 SS-15 STR-01 TRSE-00 FRB-01 PA-01 PRS-01

USIA-06 /084 W
---------- 032317
R 141359Z JAN 75
FM AMEMBASSY TANANARIVE
TO SECSTATE WASHDC 6830

C O N F I D E N T I A L TANANARIVE 0067

E.O. 11652: GDS
TAGS: EINV, MA
SUBJECT: MALAGASY GOVERNMENT CHARGES AGAINST OIL MARKETING COMPANIES

RF: TANANARIVE 1986 AND PREVIOUS

SUMMARY: CALTEX MANAGER JULIAN DASHIELL CALLED ON AMBASSADOR AND DCM JANUARY 13 TO DISCUSS LATEST DEVELOPMENTS IN GOMR CASE AGAINST CALTEX. LATEST GOMR POSITION IS THAT DASHIELL WOULD BE ABLE TO LEAVE MADAGASCAR ONLY IF CALTEX PROVIDES BANK GUARANTEE IN AMOUNT OF TOTAL FINE LEVIED AGAINST COMPANY. DASHIELL'S COUNTER PROPOSAL WAS THAT ANOTHER CALTEX REPRESENTATIVE REPLACE DASHIELL TEMPORARILY TO PERMIT DASHIELL TO TRAVEL TO NEARBY ISLANDS WHERE HE HAS MANAGERIAL RESPONSIBILITIES WHICH HE HAS NOT BEEN ABLE TO FULFILL FOR SEVERAL MONTHS, AS WELL AS TAKE HOME LEAVE IN US. SHOULD THIS APPROACH FAIL DASHIELL PLANS STRONG MESSAGE TO COMPANY HEADQUARTERS WHICH WILL PROBABLY GENERATE APPROACH TO DEPARTMENT BY CALTEX. EMBASSY TOLD HIM IT WOULD BE PREPARED, IF HIS COUNTER PROPOSAL REJECTED, MAKE FURTHER APPROACH TO GOMR. END SUMMARY.
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PAGE 02 TANANA 00067 150640Z

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

1. AT PRESENT CALTEX IS IN PROCESS OF SIGNING SOME 80-ODD "PROCES VERBAUX" WHICH DETAILED SPECIFIC EXPORTS RE WHICH GOVERNMENT ACCUSES CALTEX OF FOREIGN EXCHANGE VIOLATIONS. DASHIELL IS SIGNING ALL OF THESE WITH RESERVATION INDICATING THA THERE WAS NO VIOLATION AT ALL. EXACT AMOUNT OF FINES TO BE LEVIED UNCLEAR BUT IT IS ANTICIPATED THAT FINE WILL BE ONE OF SEVERAL MILLION DOLLARS.

2. DASHIELL CALLED UPON ECONOMY AND FINANCIAL ADVISOR TO HEAD OF GOVERNMENT, RAYMOND RABENORO, SEVERAL DAYS AGO WHO TOLD HIM THAT HE (DASHIELL) WOULD BE ABLE TO TRAVEL ONCE CALTEX PROVIDED BANK GUARANTEE IN TOTAL AMOUNT OF FINES TO BE LEVIED. DASHIELL
DID NOT RESPOND DIRECTLY TO THIS SINCE
HE WAS CERTAIN THAT CALTEX WOULD NOT PROVIDE SEVERAL-MILLION DOLLAR BANK GUARANTEE TO COVER FINES WHICH THEY HAD NO INTENTION OF PAYING. DASHIELL PROPOSED TO RABENORO THAT CALTEX PROVIDE RESPONSIBLE COMPANY OFFICER TO REPLACE DASHIELL TEMPORARILY TO PERMIT HIM TO PURSUE HIS NORMAL BUSINESS ACTIVITIES IN REUNION AND COMORO ISLANDS AND TO TAKE HOME LEAVE IN US. RABENORO INDICATED THAT HE WOULD DISCUSS THIS PROPOSAL WITH HIS COLLEAGUES. DASHIELL PLANS TO CALL UPON RABENORO AGAIN WITHIN NEXT FEW DAYS TO SEE IF HIS PROPOSAL IS ACCEPTABLE. IF NOT, HE PLANS TO SEND STRONG MESSAGE TO HIS NEW YORK HEADQUARTERS. HE DID NOT SPECIFY PRECISELY WHAT ACTION HE WOULD RECOMMEND BUT INDICATED THAT HE THOUGHT THAT CALTEX NEW YORK WOULD MAKE APPROACH TO DEPARTMENT.

3. AMBASSADOR TOLD DASHIELL THAT, IF GOMR REACTION TO DASHIELL'S PROPOSAL NEGATIVE, AMBASSADOR WOULD BE PREPARED MAKE FURTHER APPROACH TO GOMR, PROBABLY MINISTER OF ECONOMY AND FINANCE RAMAROSON, SINCE MINISTER HAD ORIGINALLY SAID THAT ONCE "PROCES VERBAUX" WERE SIGNED ALL COMPANY MANAGERS WOULD BE PERMITTED TO TRAVEL. IT IS NOT CLEAR WHETHER THE FACT THAT CALTEX SIGNING WITH RESERVATIONS WILL CHANGE ANYTHING IN MINISTER'S EYES. DASHIELL HAS NOT COMPLETED SIGNING "PROCES VERBAUX" BECAUSE GATHERING CALTEX
DATA TO ATTACH TO THEM IS MAJOR PROJECT.
CONFIDENTIAL

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PAGE 03 TANANA 00067 150640Z

WHEN HE HAS COMPLETED THIS PROJECT IN 7-10 DAYS AMBASSADOR WILL SEEK APPOINTMENT WITH MINISTER IF STILL NECESSARY.

4. ADDITIONAL ELEMENT IN SITUATION IS THAT ALL OIL COMPANIES HAVE HAD GREAT DIFFICULTY IN OBTAINING ACCESS TO GOVERNMENT OFFICIALS FOR PAST SEVERAL MONTHS WHICH HAS LED TO POLARI-ZATION BETWEEN GOMR AND COMPANIES AND MAY LEAD TO CONFRON-TATION IN NEAR FUTURE.

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Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

5. COMPANIES ARE OPERATING AT A
LOSS BECAUSE OF THEIR INABILITY TO PERSUADE GOVERNMENT TO
RAISE PRICES OF OIL PRODUCTS LOCALLY. COMPANIES, OF
COURSE, CANNOT CONTINUE TO OPERATE THIS WAY INDEFINITELY
BUT GOMR ATTITUDE HAS BEEN "YOU HAVE LOTS OF MONEY AND
HAVE BEEN MAKING BIG PROFITS FOR YEARS." MANY FRUSTRATIONS
BY OIL COMPANIES, PARTICULARLY UNWILLINGNESS OF GOVERNMENT
OFFICIALS TO DISCUSS PROBLEMS, IS LIKELY TO LEAD TO CUT
OFF OF SUPPLY. IRONICALLY, IT WAS THIS KIND OF CONFRON-
TATION OVER YEAR AGO THAT OIL COMPANIES BELIEVE IS NOW

SOURCE OF GOMR IRE THAT HAS LED TO GOMR PURSUING FOREIGN
EXCHANGE VIOLATIONS AND LEVYING OF HUGE FINES. RABENORO,
FOR EXAMPLE, WAS QUOTED AS SAYING (WHEN COMPANIES TEMPORAR-
ILY STOPPED DELIVERY IN FEBRUARY 1974) "THAT THE OIL COMPANIES
WERE GOING TO HAVE TO PAY A HIGH PRICE FOR THAT ACTION."
PRESENT SITUATION APPEARS TO BE MOVING TOWARDS SIMILAR
CONFRONTATION.

5. ANOTHER ELEMENT IN SITUATION MAY BE INTERNAL POLITICAL
CLEAVAGES IN UPPER ECHELONS OF GOVERNMENT WHERE THERE ARE
REPORTEDLY DIFFERENCES ON HOW TO PURSUE CASE AGAINST OIL
COMPANIES. TWO CONFLICTING
FACTIONS ARE ALLEGEDLY LOOKING
TO GENERAL RAMANANTSOA TO MAKE DECISION. SEPARATE CABLE
BEING PREPARED ON CURRENT INTERNAL MALAGASY POLITICAL
SITUATION.
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